



Assessing After Disaster Strikes

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Before We Begin

- Turn off cell phones or put on vibrate
- Breaks – As needed
- Smoking in designated areas only
- Three hours continuing education credit



Disaster Petitions

- Before January 1, 2008 a disaster petition (Form 137R) was reviewed by State Board of Tax Commissioners (STB)/Department of Local Government Finance (DLGF) and they determined if a reassessment was needed.
- Effective January 1, 2008 the authority to determine if a reassessment should be ordered was transferred to the county assessor.



IC 6-1.1-4-11

- If a substantial amount of real and personal property in a township has been partially or totally destroyed.
 1. A survey is to be made of the area.
 2. A reassessment of the destroyed property is to be made.



IC 6-1.1-4-11 Prior to 1/1/2008

- Taxpayer must petition the county assessor to reassess the property.
- County assessor forwards the petition to STB/DLGF
- STB/DLGF determines whether or not reassessment is warranted.



DLGF

- Before case law, STB/DLGF determined that a substantial amount of property within a township was 1% of the total assessed value of all property within the township.
- STB/DLGF determined that the “disaster” had to affect more than one property.



Case Law

- There were two cases that substantially changed the STB/DLGF criteria for ordering a reassessment.
 1. Beta Steel Corp. v. DLGF
 2. Scheid v. STB



Beta Steel Corp. v. DLGF

- DLGF denied the reassessment order because the assessed value of the destroyed property was not 1% of the total assessed value of all property within the township.



Beta Steel Corp. v. DLGF

- December 20, 2002 tax court published its determination that a “substantial amount” of destroyed property cannot be made in relation to the total assessed value in a township; and that the 15% of their real property and the 20% of their personal property that was destroyed did constitute a “substantial amount”, and thus ordered the reassessment of the property.



Beta Steel v. DLGF

- Because of this case law, DLGF no longer used 1% of the total assessed value within a township to determine whether or not the destruction was a “substantial amount”.



Scheid v. STB

- In this case, a fire destroyed a building and real estate assessed at \$187,950.
- STB contended that a fire was not a disaster.
- Court ruled that a fire was a disaster even though it was to a single family residence.



Scheid v. STB

- Because of this ruling, the theory that there has to be multiple properties involved in order to have a disaster is invalid.
- For purposes of this statute the destruction of a single residence can constitute a “disaster” and a “disaster” does not have to be widespread.



After January 1, 2008

- Effective January 1, 2008 the county assessor makes the determination whether or not a property needs to be reassessed because of a disaster.



IC 6-1.1-4-11

- “The county assessor shall specify in the assessor’s order the time within which the reassessment must be completed and the date on which the reassessment will become effective.”



IC 6-1.1-4-11

- “However, the reassessed value and the corresponding adjustment of tax due, past due, or already paid is effective as of the date the disaster occurred, without penalty.”



Effective Date of Reassessment

- The effective date of the reassessment is the assessment date that is prior to the occurrence of the disaster.
 - For annually assessed mobile/manufactured homes, it is the January 15 before the date of the disaster.
 - For all other real and personal property, it is the March 1 before the date of the disaster.
 - For example, if the disaster occurred today the taxes effected would be the 2009 pay 2010 taxes for real and personal property or the 2009 pay 2009 for annually assessed mobile/manufactured homes.



Filing Deadline for the Petition

- The petition for reassessment of destroyed property, the reassessment order, and the tax adjustment order may not be made after December 31 of the year in which the taxes that would first be affected by the reassessment are payable.
- If the disaster occurred today, the petition would be for taxes payable in 2010. The petition filing, reassessment, and tax adjustment order must be made by December 31, 2010. (If for an annually assessed mobile/manufactured home, it must be made by December 31, 2009.)



Reassessing Damaged Property

- Physical inspection of property is required.
- Evidence such as photos, videos, repair bills, insurance claims, news articles, and appraisals should be reviewed.
- Documentation from local, state, and federal agencies may be helpful.



Reassessing Damaged Property

- The final step is to determine the new assessed value of the property and notify taxpayer of the change on the notice that is attached to the 137R petition.
- If taxpayer disagrees he can appeal pursuant to IC 6-1.1-15.



Reassessing Damaged Property

- If the county assessor contracts with a vendor to perform reassessments, the contract must be submitted to the DLGF for review, as with any contract for assessment functions.



Frequently Asked Questions

1. Question: Could the decision to reassess or not be based solely on whether the President declared the area a disaster area and the homeowners qualified for federal disaster aid?

Answer: NO!

- The decision to reassess should never be made solely on the basis of a disaster declared by a Governor or President.
- Each petition stands on its own and must be reviewed independently.



Frequently Asked Questions

2. Question: If a house burns down because of faulty wiring or if lightning hits a tree that falls onto the house, would a reassessment be ordered?

Answer: It is likely that these examples would qualify for reassessment. (Scheid case addresses this point specifically).



Frequently Asked Questions

3. Question: If a disaster occurs in July of 2008 what assessment is affected if a reassessment is ordered?

Answer: The effective date would be the assessment date prior to the disaster. If it was an annually assessed mobile/manufactured home the effective date would be 1/15/08 for taxes payable in 2008. If it was any other real or personal property the assessment date affected would be 3/1/08 for taxes payable in 2009.



Frequently Asked Questions

4. Question: Could a home be reduced to zero if it is completely destroyed?

Answer: Yes. The true tax value for the home would be reduced to 0 and the true tax value of the land would remain the same.



Frequently Asked Questions

5. Question: Would the assessed value be permanently reduced or is it for one year only?

Answer: Each case stands on its own. The property would have to be looked at each assessment date subsequent to the disaster. If the property has been repaired by the next assessment date, the change would only be for one year. If the property has not been repaired, the reduced assessment would remain for each subsequent assessment date until the repairs are made.



Frequently Asked Questions

6. Question: Do we treat the damage by flooding the same way as we do if it is by a tornado?

Answer: The procedure is the same no matter what causes the disaster. It makes no difference whether the loss in value is caused by wind, flooding, or any other reason. Each case stands on its own.



Frequently Asked Questions

7. Question: Does everyone who files a disaster petition get reassessed?

Answer: No. Again each case stands on its own. There could be some minor damage without any decline in value to the property. If this is the case, no reassessment would be ordered. However; if there is damage that is severe enough to cause a loss in value to the property, a reassessment should be done.



Frequently Asked Questions

8. Question: Do assessors have to physically inspect the damage done to improvements on every petition filed?

Answer: Physical inspections are mandatory and the only way to determine the true amount of damage. However; if the repairs have been made prior to the physical inspection other evidence must be considered as well.



Frequently Asked Questions

9. Question: What role does the taxpayer play in this process?

Answer: The taxpayer must initiate the petition and then provide any information that is helpful in determining whether or not a reassessment should be ordered. i.e., photographs, news articles, etc.



Frequently Asked Questions

10. Question: What if the taxpayer files a petition but gives no supporting evidence?

Answer: The assessor must physically inspect the property and make the determination based on the best information available. Each case stands on its own.



Frequently Asked Questions

11. Question: Should the assessor refuse to accept a Form 137R if the assessor does not think the property qualifies for reassessment?

Answer: No. A taxpayer should always be allowed to file. The assessor then determines whether or not to reassess. If the decision is to not reassess, the taxpayer can appeal per IC 6-1.1-15.



Frequently Asked Questions

12. Question: Can a homeowner's assessment be reduced because of damage to furniture and appliances?

Answer: No. These items are not assessed in the first place so no reassessment is warranted.



Frequently Asked Questions

13. Question: So does this process apply only to real property?

Answer: No. If personal property has been assessed on a Form 102 or 103, a reassessment could be ordered.



Frequently Asked Questions

14. Question: Can the assessor file the petition for the taxpayer?

Answer: No. The taxpayer must file the petition and sign it.



Summary

- A request for reassessment due to a disaster is filed on a form 137R.
- It must be initiated by the taxpayer.
- The county assessor determines whether or not a reassessment is warranted.



Summary

- Due to case law, “substantial” no longer is related to total assessed value within a township. Basically, if it is “substantial” to the taxpayer’s property it could qualify for reassessment.
- Also due to case law, any type of disaster that causes damage severe enough to change the value of property qualifies. i.e., flood, wind, fire, etc.



Summary

- Assessor should always physically inspect the property.
- Each case stands on its own.
- The assessment date affected is the one immediately preceding the date of the disaster.



Summary

- The disaster petition, reassessment order, and tax adjustment order may not be made after December 31 of the year in which the taxes that would first be affected by the reassessment are payable.



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